

## Message Text

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PAGE 01 CAIRO 10874 291828Z

67

ACTION NEA-10

INFO OCT-01 AF-06 IO-10 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

FEA-01 /107 W

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R 291503Z OCT 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 7552

INFO USMISSION GENEVA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY KHARTOUM

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EO 11652: NA

TAGS: ETRD, ECON, EG

SUBJECT: LIBERALIZED FOREIGN TRADE RULES FOR PRIVATE SECTOR

ANNOUNCED

REF: CAIRO 7728 (NOTAL)

1. SUMMARY. LOCAL PRESS REPORTED OCTOBER 24 THAT MINISTER OF TRADE TAWFIK HAD ANNOUNCED PREVIOUS DAY A NUMBER OF MEASURES DESIGNED TO LIFT RESTRICTIONS ON PRIVATE SECTOR IMPORTS AND EXPORTS OF RANGE OF GOODS AND PRODUCTS. BASICALLY ONLY SOME 18 "STRATEGIC" COMMODITIES (I.E., STRATEGIC GOODS AND SUBSIDIZED CONSUMER PRODUCTS) WILL BE RESERVED FOR IMPORT BY PUBLIC SECTOR. IN ACTUALITY, MEASURE PUBLICIZED IN PRESS EVIDENTLY IS ADMINISTRATIVE IMPLEMENTATION OF LAW RELATING TO TRADE PASSED BY PEOPLE'S ASSEMBLY IN JULY (REFTEL). END SUMMARY.

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PAGE 02 CAIRO 10874 291828Z

2. FOLLOWING ARE MAJOR POINTS INCLUDED IN MINISTER'S ANNOUNCED

EFFORT TO PROMOTE GOE'S "OPEN DOOR" TRADE POLICY, ACCORDING  
PRESS REPORTS:

A. PRIVATE SECTOR IS ALLOWED UNRESTRICTED IMPORT OPERATIONS  
ON EQUAL FOOTING WITH PUBLIC SECTOR IN ALL BUT 18 "STRATEGIC"  
COMMODITY GROUPS (SEE BELOW FOR LISTING);

B. EGYPTIANS WILL BE ALLOWED PERSONAL IMPORTS FOR PRIVATE  
USE WITHOUT LIMIT AS TO VALUE (THIS IS "OWN CURRENCY" PROGRAM OF  
FOREIGN EXCHANGE HOLDINGS ABROAD; PREVIOUSLY A MAXIMUM OF  
LE 100 WAS ALLOWED);

C. ONE MOTOR VEHICLE PER CALENDAR YEAR, INCLUDING FOR THE  
FIRST TIME 1971 MODELS, MAY BE IMPORTED, WITHOUT NECESSITY OF  
TRAVEL ABROAD TO PURCHASE THE VEHICLE (WE UNDERSTAND THIS IMPORT  
PROVISION ALSO IS UNDER "OWN CURRENCY" PROGRAM);

D. PRIVATE SECTOR EXPORTS TO CONVERTIBLE CURRENCY COUNTRIES  
WILL BE "UNLEASHED" (DETAILS UNAVAILABLE) AND PRIVATE SECTOR TRADE  
WITH PROTOCOL COUNTRIES WILL BE ALLOWED IN A HANDFUL OF COMMODITIES.

E. NEW CUSTOMS TARIFF WILL BE SET TO PROTECT ONLY QUALITY  
NATIONAL PRODUCTS (FURTHER INFORMATION NOT AVAILABLE);

F. SHIPMENTS VALUED AT NOT MORE THAN LE 10,000 OF SUPPLIES AND  
EQUIPMENT FOR INVESTMENT PROJECTS WILL RECEIVE IMMEDIATE CUSTOMS  
CLEARANCE IN ORDER TO PROMOTE DEVELOPMENT;

G. IMPORTS OF COMMERCAIL SAMPLES AND INDUSTRIAL MODELS  
ARE PERMITTED WITHOUT LIMIT AS TO VALUE.

3. NOTWITHSTANDING THE ABOVE, ONLY THE PUBLIC SECTOR WILL BE  
PERMITTED TO IMPORT WHEAT, FLOUR, MAIZE, BEANS, SESAME,  
BULK TEA, SUGAR, OILS, FATS, TOBACCO, COTTON, COTTON YARN, PROCESSED  
JUTE, COAL, PETROLEUM PRODUCTS, CHEMICAL FERTILIZERS,  
INSECTICIDES AND MILITARY PRODUCTION SUPPLIES AND WEAPONS. THIS  
LISTING OBVIOUSLY INCORPORATES BASIC CONSUMER GOODS SUBSIDIZED  
BY GOE, AS WELL AS PRODUCTS USUALLY CLASSIFIED AS STRATEGIC.

4. ON THE EXPORT SIDE, THE PUBLIC SECTOR CONTINUES TO RESERVE  
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PAGE 03 CAIRO 10874 291828Z

EXCLUSIVE TRADE PRIVILEGES IN SHIPMENTS OF COTTON, COTTON YARN  
AND RICE TO AGREEMENT AND FREE CURRENCY COUNTRIES, AND IN  
SHIPMENTS OF POTATOES, ONIONS, GARLIC, PEANUTS AND PETROLEUM TO  
AGREEMENT COUNTRIES.

5. FINES OF NOT LESS THAN LE 100 AND NOT MORE THAN LE 1,000,  
ALONG WITH OTHER FINANCIAL PENALTIES RELATING TO VALUE OF MERCHANDISE

INVOLVED, ARE SET FOR VIOLATION OF NEW IMPORT-EXPORT RULES.

6. COMMENT: ANNOUNCEMENT OF LIBERALIZATION MEASURES CAN BE TAKEN AT FACE VALUE AS WHAT THOSE MEASURES ARE BILLED TO BE: ONE MORE STEP IN FURTHERANCE OF GOE'S "OPEN DOOR" TRADE POLICY. MOVE APPEARS TO REFLECT CONTINUING PROGRESS OF PM SALEM IN ACHIEVING GOVT'S PROGRAM IN ECONOMIC FIELD. IT IS FAR TOO EARLY TO EVALUTAE IMPACT OF NEW MEASURES ON FOREIGN TRADE SECTOR-- IF FOR NO OTHER REASON THAN THAT MANNER OF ADMINISTRATION OF REGULATIONS REMAINS TO BE SEEN. ONE PROBABLE EFFECT SEEMS EVIDENT AT FIRST GLANCE, HOWEVER: ADDED PRESSURE ON IMPORT SIDE OF BALANCE OF PAYMENTS LEDGER WILL RESULT IN TIME AS ENTRY OF CONSUMER GOODS IS FACILITATED FOR PRIVATE SECTOR BUYERS. THIS LIKELY WILL LEAD TO EVEN GREATER STRAIN ON PARALLEL MARKET HARD CURRENCY AVAILABILITIES THAN HAS BEEN CASE IN RECENT MONTHS. MAESTRONE

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